



State of Wisconsin

Self-Insured Local Medical and Prescription Drug Plans

2014 Rate Development

Timothy D. Gustafson, FSA, MAAA

Deloitte Consulting LLP

August 27, 2013



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Overview

Overall, premium rates will be increasing by varying amounts for 2014. Prescription drug experience is running better than expected and a \$3.1 million Net Fund Balance buy-down will be used to achieve a small rate decrease. Medical experience is not credible and is rated consistent with the State Standard PPO plan and the State Medicare Plan.

- Net Fund Balance
 - The Net Fund Balance remained relatively the same from last year.
- Prescription Drugs
 - In 2014, the HMO program rates are projected to increase approximately 0.2% without utilizing any Net Fund Balance. The Early Retiree Reinsurance Program (ERRP) reimbursement of \$2.2 million is required to be used by 12/31/2013. Therefore, \$2.2 million from the Net Fund Balance will be used to reduce the prescription drug rates for the HMO program to a decrease of 7.3% over the 2013 rates.
 - In 2014, the Medicare program rates are projected to increase approximately 20.2% without utilizing any Net Fund Balance. We are recommending utilizing \$0.9 million of the Net Fund Balance, to achieve a prescription drug rate decrease of 2.1% over the 2013 rates.
 - Effective January 2012, the Department began participating in a self-insured Employer Group Waiver Plan (EGWP) for Medicare retirees administrated by Navitus.
- Local Standard Plan & Local State Maintenance Plan (SMP)
 - The enrollment in the Local SMP has decreased slightly in 2013.
 - As Local Standard and SMP Plans enrollments are small (and not credible on a combined basis), they are rated together for medical premium development.
 - Due to the small enrollment, the reinsurance agreement with the self-funded administrator, WPS, will continue to include specific and aggregate stop loss.
 - Because the experience is not credible we recommend establishing the 2014 rate increase at 3.5%, the same level as the State Standard PPO Plan.
- Local Medicare Plus Plan
 - We are recommending an overall medical and prescription drug rate increase of 14.5% from the 2013 rates, consistent with the State Medicare Plan increase.

Prescription Drug Plan

- The prescription drug program has four components. The largest components are the self-insured active HMO and Medicare HMO prescription drug plans. The other two components are a small self-insured Standard and SMP group and the Medicare program.
- A blended trend rate of 3.9% was employed for developing the 2014 non-Medicare prescription drug rate.
- For 2014, the active HMO prescription drug rates are projected to increase 0.2% without utilizing any Net Fund Balance.
 - The Early Retiree Reinsurance Program (ERRP) reimbursement of \$2.2 million is required to be used by 12/31/2013. Therefore, \$2.2 million from the Net Fund Balance will be used to reduce the prescription drug rates for the HMO program to a decrease of 7.3% over the 2013 rates.
- The average projected rate increase for the Medicare prescription drug plan in 2014 is 20.2% without utilizing any Net Fund Balance, due in part to the buy-down that occurred in 2013.
 - For Medicare, we are recommending utilizing \$0.9 million of the Net Fund Balance in order to decrease the combined medical and prescription drug Net Fund Balance ratio to the recommend range of 15% – 25%. After utilizing the Net Fund Balance buy-down the prescription drug program rates are project to decrease by 2.1% decrease for 2014.
- The Local Standard and SMP Plans continue to have limited enrollment (40 and 170 members respectively). Since this experience is not credible, we have used the prescription drug rate increase as calculated for the State Standard Preferred Provider Plan (before any reserve fund buy-down).
- From the inception of Medicare Part D in January 1, 2006 through December 31, 2011 the Department utilized a fully insured PDP purchased from Dean Health Insurance to support prescription drug coverage for their retirees. Beginning January 1, 2012, the Department started utilizing an Employee Group Waiver Plan (EGWP) arrangement with Navitus.

Prescription Drug Plan Rates

The recommended rate decrease for the Non-Medicare HMO and Standard prescription drug plans is 7.3% after utilizing Net Fund Balance buy-down. The decrease for the Medicare prescription drug plan is 2.1% after utilizing Net Fund Balance buy-down.

	<u>2014</u> <u>Single Rates</u>	<u>2013</u> <u>Single Rates</u>
Non-Medicare		
HMO	\$ 75.70	\$ 81.60
Standard	143.00	154.20
Medicare		
Total	\$ 173.00	\$ 176.70

Standard Preferred Provider Plan (PPO)

- On May 22, 2012 the Board approved changes to modify the Standard plans in order to simplify administration and modernize the plans. The modifications to the plans resulted in a nonmaterial benefit change.
 - Beginning January 1, 2013 the Standard plan offerings were modified to include the following plans: Standard PPO that is offered with Full-Pay Uniform Benefits (PPO Full-Pay), Standard PPO that is offered with Coinsurance Uniform Benefits (PPO Coinsurance), and Standard PPO that is offered with Deductible Uniform Benefits (PPO Deductible). See Appendix II for modified plan descriptions.
- Due to the small enrollment, the reinsurance agreement will continue to include specific and aggregate stop loss.
- The Standard PPO plan experience is not credible with 40 members.
 - WPS corporate trend is 10.0% for this population.
- For purposes of this rate calculation we used a trend rate assumption of 9.6%.
- Because the experience is not fully credible we recommend establishing the 2014 rate increase at 3.5%, the same level as the State Standard PPO Plan.

Standard Preferred Provider Plan by Area

We recommend maintaining current area factors and targeting an overall increase of 3.5% for single rates in 2014.

<u>Area</u>	<u>Region</u>	<u>Area Factor</u>	<u>2014 Rates</u>	<u>2013 Rates</u>
1	Dane	96.0%	\$ 1,079.40	\$ 1,042.40
2	Milwaukee	115.0%	1,259.60	1,216.60
3	Waukesha	105.0%	1,164.70	1,124.90
4	Balance of State	105.0%	1,164.70	1,124.90

Standard Preferred Provider Plan Rates

On May 22, 2012 the Board approved the modification of the Standard plans. Beginning January 1, 2013 the Standard PPO offerings include Standard PPO Full-Pay, Standard PPO Coinsurance, and Standard PPO Deductible.

The overall recommended medical and prescription drug rate increase for 2014 is 3.5%.

	<u>2014</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>	<u>2013</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>
Standard PPO Full-Pay	\$ 1,079.40	\$ 1,042.40
Standard PPO Coinsurance	967.80	935.20
Standard PPO Deductible	911.20	880.90

State Maintenance Plan (SMP)

- On May 22, 2012 the Board approved changes to modify the SMP plan in order to simplify administration and modernize the plan. The plan modifications resulted in a slight increase in benefits consistent with uniform benefits. The benefit change was reflected in the rating by increasing SMP rate ratio with the Standard PPO plan from 65% to 66%.
 - Beginning January 1, 2013 the SMP plan offerings will be modified to include SMP Full-Pay Uniform Benefits (Full-Pay), SMP Coinsurance Uniform Benefits (Coinsurance), SMP Deductible Uniform Benefits (Deductible). See Appendix II for modified plan descriptions.
- Due to low enrollment, the SMP experience is pooled with the Standard PPO's experience in order to have a more credible group.
- Due to the small enrollment, the reinsurance agreement will continue to include specific and aggregate stop loss.
- While the experience is not credible (with only 170 members), the SMP experience has been running better than expected with a -17.6% observed annual trend.
 - WPS corporate trend is 11.4% for this population.
- We employed a 9.6% trend assumption in setting the 2014 rates, similar to Standard PPO plan.
- Because the experience is not credible we recommend establishing the 2014 rate increase at 3.5%, consistent with the State Standard Plan increase.

State Maintenance Plan Rates

On May 22, 2012 the Board approved the modification of the SMP plans. Beginning January 1, 2013 the SMP offerings include SMP Full-Pay Uniform Benefits, SMP Coinsurance Uniform Benefits and SMP Deductible Uniform Benefits.

The overall recommended medical and prescription drug rate increase for 2014 is 3.5%.

	<u>2014</u> <u>Single Rates</u>	<u>2013</u> <u>Single Rates</u>
SMP Full-Pay Uniform Benefits	\$ 774.40	\$ 748.10
SMP Coinsurance Uniform Benefits	735.70	710.70
SMP Deductible Uniform Benefits	708.20	684.10

Medicare Plus Plan

- On May 22, 2012 the Board approved changes to modify the Medicare plan in order to simplify administration and modernize the plan. The plan modifications resulted in a slight decrease in benefits that was considered in the rating.
 - Beginning January 1, 2013 the Medicare Plus plan (offered to the State Medicare population) replaced the Medicare Standard Plan, Medicare Standard PPP, Medicare Deductible Standard Plan and Medicare Deductible PPP plans. See Appendix II for plan design description.
- The Medicare Plus Plan experience has been running as expected with a 6.0% observed annual trend.
 - WPS corporate trend is 5.3% for this population.
- We used a 5.0% medical trend assumption for setting this year's rate.
- Prescription drug rates are projected to decrease approximately 2.1% after utilizing the recommended Net Fund Balance buy-down for 2014.
- The rate impact is summarized on the following slide.

Medicare Plus Plan Rates

On May 22, 2012 the Board approved the modification of the Medicare plans. Beginning January 1, 2013 the Medicare Plus plan replaced the Medicare Standard Plan, Medicare Standard PPP, Medicare Deductible Standard Plan and Medicare Deductible PPP.

The overall recommended rate change from the 2013 Medicare Plus single rate in Area 1 (Dane) is a 14.5% increase.

	<u>2014</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>	<u>2013</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>
<u>Medicare</u>		
Medicare Plus	\$ 414.30	\$ 361.80

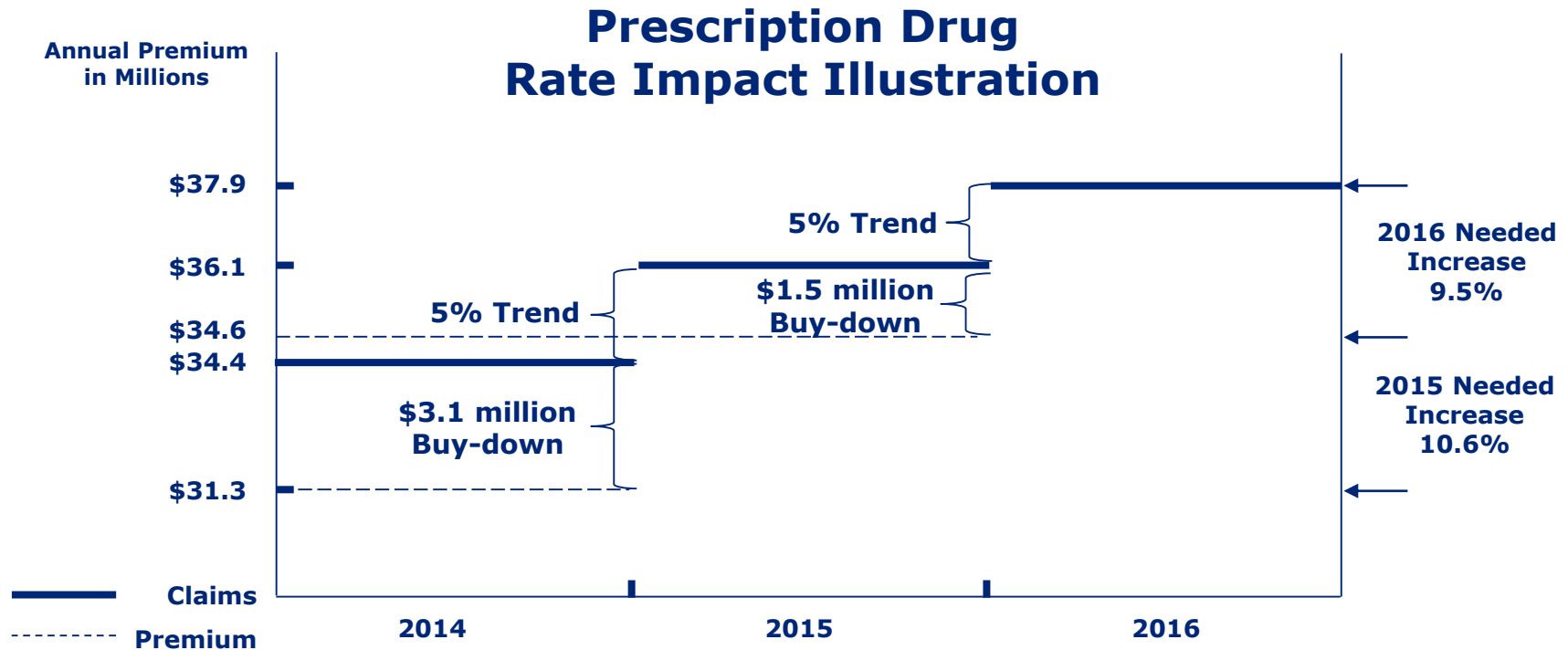
Net Fund Balance

- Overall, estimated fund balances decreased for the medical plan and increased for the pharmacy plan during the last year.
 - Net Fund Balance includes accrued-but-not-received drug rebates in the amount of \$3.7 million.
- Based on prevailing regulatory capital requirements applicable to the insurance industry, as well as leading practices for self-insured employers, maintaining a Net Fund Balance of 15% to 25% of the annual claims of the Medical and Prescription Drug plans is recommended.
 - At the August 2011 meeting, the Board accepted the use of this benchmark policy.
- The current Net Fund Balance ratio to annual claims for the local program is estimated to be approximately 30% for the combined Medical and Prescription Drug plans.
 - Due to the smaller size of the Local programs compared to the State, the Net Fund Balance ratio is generally assessed on a combined basis rather than separately for the Medical and Prescription Drug plans.
- We discussed several strategies for the Net Fund Balance buy-down for 2014 and chose to recommend a scenario that would reduce the combined ratio to approximately 25%, which is in line with the reduction of the State ratio to 24%.

Net Fund Balance (continued)

- We are recommending a 2014 medical buy-down of \$0 and prescription drug buy-down of \$3.1 million utilizing the Net Fund Balance.
 - Early Retiree Reinsurance Program (ERRP) reimbursement of \$2.2 million is required to be used by 12/31/2013. Therefore, \$2.2 million from the Net Fund Balance will be used to reduce the prescription drug rates for the HMO program.
 - The remaining \$0.9 million of the net fund balance buy-down will be used to reduce the prescription drug rates for the Medicare program.
- Following this buy-down, the fund balance is expected to be sufficient to protect against unfavorable claim cost and investment experience in 2014, and also provide continued rate stability for 2015 and later.

Net Fund Balance



Observations

- Estimated 5% trend rate for illustration purposes
- Utilizing fund balance is a temporary one-year premium reduction
- Implementing a phased in buy-down approach of \$3.1 million in year 1 and a smaller amount in year 2 will help mitigate the expected premium rate increases while bringing the Net Fund Balance to the target level

Net Fund Balance

	6/30/2013	6/30/2012	6/30/2011	6/30/2010
MEDICAL (in millions)				
Cash Balance ⁽¹⁾	1.8	2.3	3.1	3.3
Incurred But Not Reported Claim Liability (IBNR)	(0.2)	(0.3)	(0.2)	(0.3)
Net Fund Balance	1.6	2.0	2.9	3.0

	6/30/2013	6/30/2012	6/30/2011	6/30/2010
PHARMACY (in millions)				
Cash Balance	14.1	14.1	17.6	13.1
Estimated Accrued Drug Rebates	2.0	1.8	2.2	1.8
Estimated Accrued Medicare Part D Subsidy	1.7	0.7	N/A	N/A
Navitus Advance	0.9	1.4	1.4	1.4
ERRP Reimbursement ⁽²⁾	2.2	2.1	0.0	0.0
Projected Future Cash Balance⁽¹⁾	20.8	20.1	21.2	16.3
IBNR ⁽³⁾	(0.7)	(0.7)	(0.5)	(0.5)
Net Fund Balance	20.1	19.4	20.7	15.8

⁽¹⁾ Source: Department of Employee Trust Funds

⁽²⁾ ERRP: Early Retiree Reinsurance Program reimbursement cannot be used as General Revenue.

⁽³⁾ 2013 RX IBNR is estimated at one week of claims

Appendix I

Final Rates

Standard PPO Full-Pay Rate Comparison

Local Standard PPO Full-Pay								
2013 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$787.51	\$1,968.48	\$961.71	\$2,403.78	\$870.01	\$2,174.48	\$870.01	\$2,174.48
Rx Claim Cost	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33
Expenses	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09
TOTAL	\$1,042.40	\$2,600.90	\$1,216.60	\$3,036.20	\$1,124.90	\$2,806.90	\$1,124.90	\$2,806.90

Local Standard PPO Full-Pay								
2014 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$779.66	\$1,947.95	\$959.86	\$2,398.55	\$864.96	\$2,161.15	\$864.96	\$2,161.15
Rx Claim Cost	\$177.29	\$443.23	\$177.29	\$443.23	\$177.29	\$443.23	\$177.29	\$443.23
Expenses ⁽¹⁾	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL ⁽²⁾	\$1,079.40	\$2,691.90	\$1,259.60	\$3,142.50	\$1,164.70	\$2,905.10	\$1,164.70	\$2,905.10
Change	3.5%		3.5%		3.5%		3.5%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$3.60
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$11.51
- D) WPS Expense Fee of \$160.35, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

(2) Total rates must be rounded to the nearest ten cents

Standard PPO Coinsurance Rate Comparison

Local Standard PPO Coinsurance								
2013 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$680.31	\$1,700.78	\$833.31	\$2,083.08	\$752.01	\$1,879.88	\$752.01	\$1,879.88
Rx Claim Cost	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33
Expenses	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09
TOTAL	\$935.20	\$2,333.20	\$1,088.20	\$2,715.50	\$1,006.90	\$2,512.30	\$1,006.90	\$2,512.30

Local Standard PPO Coinsurance								
2014 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$650.47	\$1,626.97	\$810.07	\$2,025.37	\$725.27	\$1,812.27	\$725.27	\$1,812.27
Rx Claim Cost	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21
Expenses ⁽¹⁾	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL ⁽²⁾	\$967.80	\$2,414.90	\$1,127.40	\$2,813.30	\$1,042.60	\$2,600.20	\$1,042.60	\$2,600.20
Change	3.5%		3.5%		3.5%		3.5%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$3.60
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$11.51
- D) WPS Expense Fee of \$160.35, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

(2) Total rates must be rounded to the nearest ten cents

Standard PPO Deductible Rate Comparison

Local Standard PPO High Deductible

2013 Rates

	<i>Dane</i>		<i>Milwaukee</i>		<i>Waukesha</i>		<i>Balance of State</i>	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$626.01	\$1,564.68	\$766.51	\$1,915.98	\$692.51	\$1,730.98	\$692.51	\$1,730.98
Rx Claim Cost	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33	\$156.93	\$392.33
Expenses	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09	\$97.96	\$240.09
TOTAL	\$880.90	\$2,197.10	\$1,021.40	\$2,548.40	\$947.40	\$2,363.40	\$947.40	\$2,363.40

Local Standard PPO High Deductible

2014 Rates

	<i>Dane</i>		<i>Milwaukee</i>		<i>Waukesha</i>		<i>Balance of State</i>	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$593.87	\$1,483.87	\$740.37	\$1,849.67	\$663.17	\$1,658.17	\$663.17	\$1,658.17
Rx Claim Cost	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21
Expenses ⁽¹⁾	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL ⁽²⁾	\$911.20	\$2,271.80	\$1,057.70	\$2,637.60	\$980.50	\$2,446.10	\$980.50	\$2,446.10
Change	3.5%		3.5%		3.5%		3.5%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$3.60
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$11.51
- D) WPS Expense Fee of \$160.35, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

(2) Total rates must be rounded to the nearest ten cents

State Maintenance Plans Rate Comparison

	Local SMP Full-Pay		Local SMP Coinsurance ⁽¹⁾		Local SMP High Deductible	
2013 Rates						
	Single	Family	Single	Family	Single	Family
Claim Cost	\$572.31	\$1,431.12	\$534.91	\$1,337.72	\$508.31	\$1,271.02
Rx Claim Cost	\$103.57	\$258.94	\$103.57	\$258.94	\$103.57	\$258.94
Expenses	\$72.22	\$175.74	\$72.22	\$175.74	\$72.22	\$175.74
TOTAL	\$748.10	\$1,865.80	\$710.70	\$1,772.40	\$684.10	\$1,705.70

	Local SMP Full-Pay		Local SMP Coinsurance ⁽¹⁾		Local SMP High Deductible	
2014 Rates						
	Single	Family	Single	Family	Single	Family
Claim Cost	\$570.36	\$1,426.39	\$531.66	\$1,329.69	\$492.55	\$1,231.66
Rx Claim Cost	\$117.01	\$292.53	\$117.01	\$292.53	\$128.62	\$321.56
Expenses ⁽²⁾	\$87.03	\$212.18	\$87.03	\$212.18	\$87.03	\$212.18
TOTAL ⁽³⁾	\$774.40	\$1,931.10	\$735.70	\$1,834.40	\$708.20	\$1,765.40
Change	3.5%		3.5%		3.5%	

(1) Local SMP Coinsurance is based on 95% of Local SMP

(2) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$3.60
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$11.51
- D) WPS Expense Fee of \$160.35, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

(3) Total rates must be rounded to the nearest ten cents

Medicare Plus Rate Comparison

Local Medicare Plus						
2013 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$171.67	\$343.54	\$959.18	\$1,133.38	\$1,041.58	\$1,041.58
Rx Claim Cost	\$168.95	\$337.90	\$325.88	\$325.88	\$325.88	\$325.88
Expenses	\$21.18	\$39.16	\$119.14	\$119.14	\$119.14	\$119.14
TOTAL	\$361.80	\$720.60	\$1,404.20	\$1,578.40	\$1,486.60	\$1,486.60

Local Medicare Plus						
2014 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$218.36	\$436.82	\$998.02	\$1,178.32	\$1,083.42	\$1,083.42
Rx Claim Cost	\$165.18	\$330.36	\$342.47	\$342.47	\$342.47	\$342.47
Expenses ⁽¹⁾	\$30.76	\$57.92	\$153.21	\$153.21	\$153.21	\$153.21
TOTAL ⁽²⁾	\$414.30	\$825.10	\$1,493.70	\$1,674.00	\$1,579.10	\$1,579.10
Change	14.5%		6.4%	6.1%	6.2%	6.2%

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$3.60
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$11.51
- D) WPS Expense Fee of \$16.90
- E) Expenses are allocated between Single and Family contracts

(2) Total rates must be rounded to the nearest ten cents

Appendix II

Plan Descriptions

Standard Preferred Provider Plan Designs

Medical Benefit:

Standard PPO that is offered with Full-Pay Uniform Benefits

In-Network

- Deductible: \$100 Single, \$200 Family
- 100% coinsurance after deductible satisfied

Out-of-Network

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 80/20%
- Out-of-Pocket Limit (OOPL):
\$2000 Single, \$4000 Family

Standard PPO that is offered with Coinsurance Uniform Benefits

In-Network

- Deductible: \$250 Single, \$500 Family
- Coinsurance: 90/10%
- OOPL: \$1000 Single, \$2000 Family

Out-of-Network

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 70/30%
- OOPL: \$2000 Single, \$4000 Family

Standard PPO that is offered with Deductible Uniform Benefits

In-Network

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 80/20%
- OOPL: \$2000 Single, \$4000 Family

Out-of-Network

- Deductible:
\$1000 Single, \$2000 Family
- Coinsurance: 70/30%
- OOPL: \$4000 Single, \$8000 Family

Standard Preferred Provider Plan Designs

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOPL)
- OOPL: \$1000 Single, \$2000 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOPL: \$1000 Single, \$2000 Family
 - Copays for Non-Formulary Specialty Drugs do not count towards OOPL
 - A reduced Level 4 copay of \$15 is available for Formulary Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

State Maintenance Plan Designs

Medical Benefit:

SMP (Traditional) Full-Pay Uniform Benefits

- Deductible: \$0
- Coinsurance: 100%
(except for DME and hearing aids at 80/20%)
- ER Copay \$60

SMP Coinsurance Uniform Benefits (Matches State design)

- Coinsurance: 90/10%
(DME and hearing aids remain at 80/20%)
- OOP: \$500 Single, \$1000 Family
- ER Copay \$75, 90% coinsurance thereafter to OOP

SMP Deductible Uniform Benefits

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 100% after deductible satisfied
(except for DME and hearing aids at 80/20%)
- ER Copay \$60

State Maintenance Plan Designs

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOPL)
- OOPL: \$410 Single, \$820 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOPL: \$1000 Single, \$2000 Family
 - Copays for Non-Formulary Specialty Drugs do not count towards OOPL
 - A reduced Level 4 copay of \$15 is available for Formulary Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

Medicare Plus Plan Design

Medical Benefit:

- 100% on Usual, Customary and Reasonable after Medicare

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOP)
- OOP: \$410 Single, \$820 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOP: \$1000 Single, \$2000 Family
 - Copays for Non-Formulary Specialty Drugs do not count towards OOP
 - A reduced Level 4 copay of \$15 is available for Formulary Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

Appendix III

Key Metrics

Key Metrics

Prescription Drug Plans				
	Members	Trend	2014 Claims PMPM ⁽¹⁾	2014 PCPM Expenses
HMO	36,958	3.90%	\$ 66.22	\$ 7.90
Medicare	40	3.90%	212.41	7.90

Self-Funded Medical Plans				
	Members	Trend	2014 Claims PMPM ⁽¹⁾	2014 PCPM Expenses
Standard	40	9.7%	\$ 593.83	\$ 160.35
SMP	170	9.7%	503.05	160.35
Medicare	234	5.0%	218.22	16.78

(1) These numbers are illustrative only and net of fund balance buy-down.

Key Metrics

	Rx Rate Change	Rx Single Rate
HMO Active	-7.3%	\$ 75.70
HMO Medicare	-2.1%	\$ 173.00

Contributors

The following contributed to the development of this report:

- Tim Gustafson
- Pat Pechacek
- Dan Plante
- Nichole Ramsey
- Molly Treacy

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